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Consumer Spending Patterns Differ by Region

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Consumer Spending Patterns Differ by Region

Abstract

[Excerpt]

Households across the country make decisions every day on how to allocate their earnings, be it for life's necessities such as food and housing or for pleasurable pursuits such as reading and entertainment. These spending patterns may well be specific to regions of the country. Or, more simply, do consumers in the Midwest make different choices about how to spend their dollars than do those in the Northeast, South, or West?

Expenditures vary among regions because of many factors: Prices, income, population characteristics, climate, consumer tastes, family size, and so on.

Keywords

consumer spending, household, spending, region, regionally, trends, expenditure

Comments

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Consumer Spending Patterns Differ by Region

Households across the country make decisions every day on how to allocate their earnings, be it for life's necessities such as food and housing or for pleasurable pursuits such as reading and entertainment. These spending patterns may well be specific to regions of the country. Or, more simply, do consumers in the Midwest make different choices about how to spend their dollars than do those in the Northeast, South, or West?

Expenditures vary among regions because of many factors: Prices, income, population characteristics, climate, consumer tastes, family size, and so on. For example, in 2000, consumer units in the Northeast and West had higher incomes than did those in the Midwest and South. Households in the West were somewhat younger, while those in the Northeast averaged the oldest reference persons in the survey. Consumer units in the Midwest owned an average of 2.2 vehicles, compared with only 1.6 for those in the Northeast. Home ownership was most common in the Midwest and least prevalent in the West. Just how similar or diverse a region's expenditure choices are will depend, at least in part, on the mix of consumer characteristics, tastes, and needs.

Overall, consumer units in the United States spent an average of \$38,045 annually in 2000. Housing was the largest component of a consumer's expenses, accounting for around one-third of all expenditures regardless of region, while transportation costs and food purchases together accounted for roughly another third. Still, some regional variations were evident in the proportion (or share) of a household's budget allocated for items within these broad categories.

Among the various expenditures for housing, the cost of shelter, including expenses associated with owning, renting, and maintaining a residence, required the largest outlay in every region but varied from 54 percent of the housing budget in the South to 62 percent in the West. Other housing costs include utilities, fuels, and public services, which accounted for the highest proportion of all housing expenditures in the South (24 percent) and the lowest

in the West (16 percent). In general, consumers in the South and Midwest spent a smaller share of their budget on housing and were more likely to be homeowners than were their counterparts in the other regions. Conversely, renting was more prevalent in the Northeast and West, where the expenditure shares for shelter were higher.

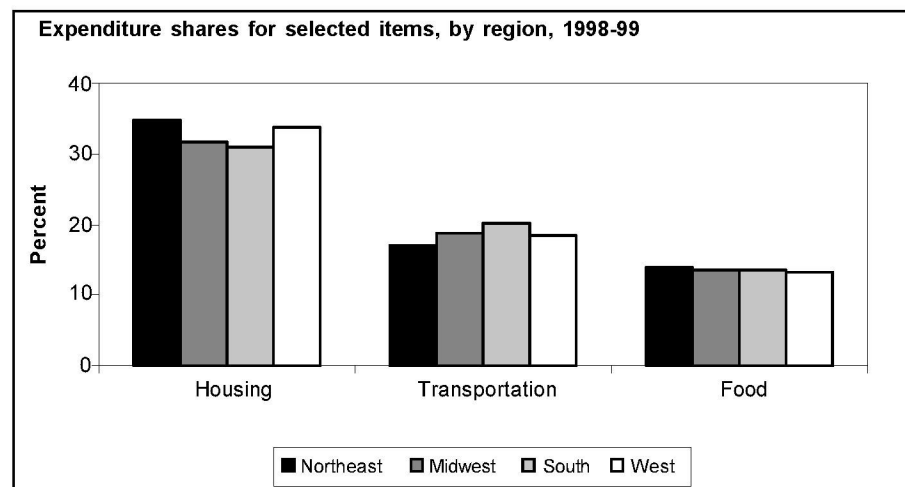
Transportation, the second largest item, accounted for approximately one-fifth of a household's budget, ranging from 17.1 percent in the Northeast to 20.8 percent in the South. Regional variations were more apparent in the distribution of a consumer's transportation dollars. Households in the Northeast spent the highest share on public transportation (9.0 percent) and the smallest on vehicle purchases (40.8 percent). Those in the Midwest and South, on the other hand, spent less on public transit, with shares of 5.1 and 3.9 percent, respectively, but allocated almost one-half of their transportation dollars for vehicle purchases.

Regardless of region, the proportion of the household budget spent for food was close to the national average of 13.6 percent. Even with such similar total shares for food, there was some regional variation in how food bud-

gets were allocated. For example, households in the Midwest spent a larger share (44 percent) of their total food budget on food prepared away from home, such as restaurant meals, carryout, and catered affairs, than did those in other regions of the country, which averaged either 40 or 41 percent.

Among the other major expenditure categories, only healthcare costs showed much regional variation, averaging 4.8 percent of all the budget in both the Northeast and West, but 5.5 and 6.2 percent, respectively, in the Midwest and South. Some items showed virtually no regional distinctiveness: Personal insurance and pensions, personal care products, alcoholic beverages, and reading. In general, when differences existed, Southern and Midwestern consumers had more similar spending patterns, while households in the Northeast and West were closer in their expenditure choices.

Additional consumer expenditure data are available online at <http://www.bls.gov/cex>. Material in this publication is in the public domain and, with appropriate credit, may be reproduced without permission. This information is available to sensory impaired individuals upon request. Voice phone: 202-691-5200. Federal Relay Service: 1-800-877-8339.



Consumer unit characteristics and percent distribution of expenditures for the United States and regions, 2000

Item	U.S. average	Northeast	Midwest	South	West
Consumer unit characteristics:					
Income before taxes ¹	\$44,649	\$47,439	\$44,377	\$41,984	\$46,670
Age of reference person	48.2	49.5	48.4	48.3	46.6
Percent homeowner	66	62	70	68	60
Average number in consumer unit:					
Persons	2.5	2.5	2.5	2.5	2.6
Children under 18 .....	.7	.6	.7	.7	.7
Persons 65 and over .....	.3	.3	.3	.3	.3
Earners	1.4	1.3	1.4	1.3	1.4
Vehicles	1.9	1.6	2.2	1.9	2.0
Average annual expenditures					
Total (percent)	\$38,045	\$38,902	\$39,213	\$34,707	\$41,328
Food	100.0	100.0	100.0	100.0	100.0
Alcoholic beverages	13.6	13.8	13.4	13.6	13.4
Housing	1.0	1.0	1.0	0.9	1.1
Apparel and services	32.4	34.7	30.5	31.3	33.8
Transportation	4.9	5.4	4.9	4.7	4.7
Health care	19.5	17.1	20.0	20.8	19.2
Entertainment	5.4	4.8	5.5	6.2	4.8
Personal care products and services	4.9	4.9	5.2	4.7	4.9
Reading	1.5	1.5	1.4	1.6	1.4
Education .....	.4	.4	.4	.3	.4
Tobacco products and smoking supplies	1.7	2.1	1.7	1.4	1.6
Miscellaneous .....	.8	.8	.8	1.0	.6
Cash contributions	2.0	1.9	2.0	2.1	2.1
Personal insurance and pensions	3.1	2.7	4.1	2.7	3.0
	8.8	8.7	8.9	8.9	8.9

¹ Income values derived from incomplete income reporters" only.

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